FEDERAL BUREAU OF INVESTIGATION
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**Memorandum**

To : SAC, DENVER (179C-DN-NEW) (P) Date 12/17/91

From : SA [redacted] b6 b7C

Subject: UNSUBS;
FIRST NATIONAL HOLDING, INC.,
dba Sufficient Funding System, Inc. of Colorado;
ECT
OO: DENVER

[redacted] (PROTECT IDENTITY), [redacted] Colorado, contacted SA [redacted] on 12/11/91, regarding the captioned matter. [redacted] advised that subject company is running what he terms a loan-sharking operation through their checking account [redacted] According to information obtained from individuals who have done business with this company, the procedure is as follows: b6 b7C b7D

An individual needing money will contact SUFFICIENT FUNDING SYSTEM, INC. OF COLORADO (SFSIC), and will write a check to SFSIC for the amount needed plus an additional amount, and will postdate this check to agreed upon date. SFSIC will then write a check to the individual for the needed amount and will deposit the individual's check into their account the day of the postdating. Further information obtained indicates that SFSIC is [redacted] b6 b7C b7D

[redacted] also advised [redacted]

0 tA
[redacted]
DLD/WAJ

179C-DN-43484-1
GS

②- Denver
JFK/psj
(2) PSJ

[redacted]

b6
b7C
b7D

It is recommended that a new 179C matter be opened and assigned to a Squad 6 Agent. It is also requested that the assigned Agent contact SA [redacted] before contacting [redacted]

Tuesday, March 24, 1992

# DA investigating 2 checking firms

By Judith Graham and Michelle Mahoney
Denver Post Business Writers

The Denver district attorney's office has frozen the assets of two local firms suspected of charging exorbitant interest rates for consumer loans.

According to a search warrant filed yesterday, the district attorney alleges that the two companies — First National Holding, Inc. and Sufficient Funding System of Colorado, its subsidiary — charge people up to 1,040 percent a year in interest on short-term loans.

Jeffrey Springer, attorney for First National and Sufficient Funding, said the companies believed their activities were legal, based on an opinion letter from an unnamed attorney. "At this point, we don't admit engaging in any usurious practices."

David Wederath, who owns and manages the companies with Richard Paus, said "We feel we've done nothing wrong."

The two businesses work like this: customers strapped for cash write post-dated checks, which First National or Sufficient Funding buy at a discount. The firms then issue checks for the discounted amount that can be cashed immediately.

The difference between the original post-dated check and the subsequent check can be substantial — the district attorney's office alleges it is the equivalent of annual interest rates ranging from 200 to 1,040 percent on a short-term loan.

Deputy District Attorney Neil Richardson alleges the firms' finance charges violate state usury laws, which prohibit interest rates of more than 45 percent a year. Unsupervised lenders that aren't registered with the state can't charge more than 12 percent or a flat $25 fee for consumer loans, according to the consumer credit code.

First National at 320 N. Broadway and Sufficient Funding at 15290 E. Sixth Ave. in Aurora came to the prosecutor's attention after a customer and a former employee complained about the firms. They are among several similar firms offering such services in Colorado.

Richardson encouraged consumers with complaints about these kinds of companies to call 640-3557.

Denver Post

179C-DN-43484-6

DH PH

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179C-DN-43484
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On [redacted] was contacted by SA [redacted] and provided the following information:

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b7D

Source advised that [redacted]

179C-43484-3
GS GS
JAN 1992

179C-DN-43484
JFK/jfk

On [redacted] was contacted by SA [redacted] and provided the following information:

b6
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b7D

Source advised that [redacted]

179C-DN-43484-4
GLS GLS
JAN 21 1992
GLS

Memorandum

To : SAC, DENVER (179C-DN-43384) (C) Date 3/25/92

From : SA [redacted] b6 b7C

Subject: UNSUB(s);
FIRST NATIONAL HOLDING, INC.;
ECT
OO:DENVER

Due to the local authorities investigating the captioned matter, there is no need to conduct a duplicate investigation. Therefore, Writer requests that his case be closed.

3/25/92

179C-DN-43484-5
AS AS

1-179-43484
ML

√179C-DN-43484

On [redacted] was contacted by SA [redacted] and provided the following information: b6 b7C b7D

Source advised that First National Holding, Inc., dba as Sufficient Funding System, Inc. of Colorado, is allegedly operating a loan sharking scheme using the company checking account [redacted] Source stated that individuals in need of cash would contact First National Holding, Inc., and write a check payable to the company in the amount needed plus interest. The check would be post dated to an agreed upon date. The company would then write a check to the individual for the amount requested. Source further advised that [redacted]

Source [redacted]

179C-DN-43484-2